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# *Central Intelligence Bulletin*

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**Nº 040**

8 May 1973

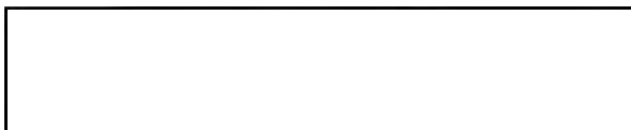
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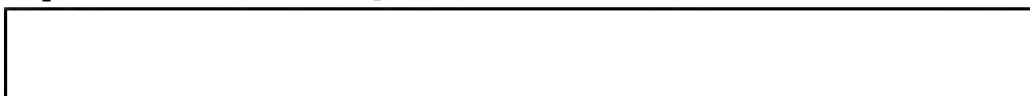
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**LEBANON-FEDAYEEN:** Guerrilla extremists determined to prevent the cease-fire from stabilizing were apparently responsible for yesterday's fresh flare-up of fighting in Beirut.

A few hours after the Lebanese announced that progress had been made in settling their differences with the guerrillas, rockets were fired at army positions near the Palestinian refugee camps and the airport. Prime Minister Hafiz declared a state of emergency and blamed the setback on "subversive elements" who wanted to "sow discord."

The resumption of hostilities is probably attributable to the fears of some fedayeen that Fatah leader Yasir Arafat, in negotiations with the government, had agreed to a formula that imposes further restrictions on the guerrillas. No representatives of the extremist splinter groups attended meetings yesterday between the government and the mainstream of the guerrilla movement.

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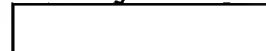
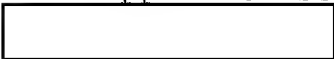
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CHINA-LAOS: The advent of the seasonal rains should soon halt Chinese road building in some areas of northwest Laos, but preparations appear to be under way for renewing construction once the monsoon ends in the fall.

Chinese crews have begun preliminary work for a road east from Muong Sai to within seven miles of Nam Bac. This effort may be the first phase of an extension of the roadnet into the Nam Ou Valley.

Based on construction in previous years, it should take at least one more dry season to complete new roads in the Nam Bac area. Even if new projects are not undertaken, finishing the roads begun this dry season would keep Chinese road crews occupied well into 1974.

Both Peking and Vientiane have justified the continued presence of Chinese construction units in Laos on the basis of economic aid pacts signed in the early 1960s. Prime Minister Souvanna Phouma may seek new agreements once a coalition government is formed. Peking may view new agreements as a way of legitimizing its presence in Laos and as a gesture of support to Souvanna's new government.



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LIBYA: Prime Minister Jallud has presented the Western oil companies with a demand for a 100-percent buy-out of their equity. As in the past, Jallud's appearance signals the beginning of hard bargaining; negotiations on a lower level have been stalemated for some time.

Tripoli had been asking 50-percent participation in oil company operations while the companies were offering 25 percent, similar to agreements with Arab Persian Gulf oil producers.

Libya's demand is probably a negotiable one. Although it comes at a time when Qadhafi's self-proclaimed "cultural revolution" has set as its goal ridding the country of foreign influence, the Libyans are not prepared for a wholesale nationalization of the industry. Moreover, Qadhafi has said that Libya would nationalize the industry only if all oil-producing Arab countries did so. Libya's demands probably would not have the support of the Organization of Petroleum Exporting Countries.

Although the oil companies will recognize that there is some bluff in Jallud's effort to create an impression of new toughness, they are probably now prepared to do some new bargaining. They may go some way to meeting Libyan demands, but the large international companies are likely to resist Libyan pressures for an agreement that would force them to reopen those reached with other OPEC countries.

The smaller companies, with less of a stake in Gulf oil production, are likely to be less concerned with the effects of a Libyan settlement on other countries.

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URUGUAY: Congressional unwillingness to lift the immunity of a leftist senator could result in another clash between the military and civilian politicians.

Top military generals reportedly are determined to arrest Senator Enrique Erro, a recognized spokesman for the once powerful Tupamaro urban guerrillas, so that he may be tried for collaborating with terrorists. The generals appear to be reacting in part to criticism from lower ranking officers that they have lost the initiative since impressing the military's will on President Bordaberry last February.

Should Erro be arrested without congressional approval, it would be the military's first open violation of the constitution and a crack in the veneer of constitutionality scrupulously maintained by the armed forces to shield their intervention into areas traditionally controlled by civilians.

If congressional criticism of this action becomes too rancorous, the military might order President Bordaberry to close congress and rule by decree.

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